

***THE PUBLISHED ANNUAL FINANCIAL
STATEMENTS OF
MOSES KOTANE
LOCAL MUNICIPALITY***

30-Jun-04

MOSES KOTANE LOCAL MUNICIPALITY
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MOSES KOTANE LOCAL MUNICIPALITY

GENERAL INFORMATION

SPEAKER

COUNCILLOR: E D MOGALE

MAYOR

COUNCILLOR: P L MOLELEKENG

MEMBERS OF THE EXECUTIVE COMMITTEE

COUNCILLOR: P L MOLELEKENG (CHAIRPERSON)

COUNCILLOR: P BOSIELO

COUNCILLOR: A DIALE

COUNCILLOR: G MASELWANE

COUNCILLOR: M F MOKATI

COUNCILLOR: E MOLOTSI

COUNCILLOR: J M MOLETSANE

COUNCILLOR: D E MEKGWE

COUNCILLOR: G NONG

COUNCILLOR: K NTSHWAGONG

MEMBERS OF THE COUNCIL

WARD	COUNCILLOR
1	P K MOKGOPHE
2	A S SEBOKA
3	G MASELWANE
4	M F MOKATI
5	M G RAMAPOTOKA
6	M L MZELEM
7	S S C NTSHABELE
8	F F M DINAKE
9	M S MABITSELA
10	R J MATSHEGO
11	M T RAMOKOKA
12	M Z MATSHABA
13	L T D NTSAMAI
14	T R MANGANYE
15	M R SEEMA
16	R J MOABI
17	M J TSHITE
18	T P SEKOKO
19	R O MOLEFE
20	M E MANALE
21	J N KALAYAMODIMO
22	M E MOSWEU
23	M E A MOPEDI
24	M C MOKOKA
25	M L PHIRI
26	P B MKANDAWIRI
27	E F MOKGOTHU
28	L MOATE
29	R G MATLHAKO
30	O D MAHUPELA

MEMBERS OF THE COUNCIL: PROPORTIONAL**COUNCILLOR**

E D MOGALE
E MOLOTSI
G NONG
M MOLATUDI
A MOSITO
P L MOLELEKENG
M MONYATSI
M SEGODI
L NHLAPO
P BOSIELO
R DIALE
S SEABELO
K NTSHWAGONG
J MOOKANENG
B MOLEFE

COUNCILLOR

D E MEKGWE
C MOTSHABI
J M MOLETSANE
M S RAMOSELA
M MOATSHE
M J MAKGALE
J B MOKAE
P BOGATSU
C P SEPHOTI
M S RAMOENYANA
M MOLOI
D M MOTSHEGOE
P M MAOTA
P M NKOPELANG
G RAMORWESI

GRADING OF LOCAL AUTHORITY

NONE

AUDITOR

The Auditor General

BANKERS

ABSA BANK RUSTENBURG

REGISTERED OFFICE

Civic Centre
Mogwase

Private Bag X 1011 Telephone: (014) 555 6337
Mogwase Fax : (014) 555 6368
O314 Email : municipalmanager@moseskotane.co.za

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 1 to 22 were approved by the Municipal Manager on 1 October 2004 and will be presented to the Executive Committee during October 2004 and the Ordinary Council Meeting during November 2004

MUNICIPAL MANAGER

Mr J M BOSIELO (B. JURIS)

FINANCIAL MANAGER

Mr G J MOATSHE (B.COM; B.ED.)

MOSES KOTANE LOCAL MUNICIPALITY

FOREWORD

The past financial year was a year full of challenges as it was the second combined budget after the amalgamation between the former Madikwe - and Mogwase TRC'S.

This financial year can therefore be described as the foundation year of Moses Kotane Local Municipality.

The operating expenditure increased from R 17 349 830 to R 25 978 897. This represents an increase of 49,7 % in activities.

The council applied for an external loan for the financing of various infrastructure assests.

The valuation roll which was implemented as from the first of July 2002 developed an adequate and sustainable revenue base to allow the Council to provide proper service delivery to the community.

The revenue which will be generate through property rates will amount to approximately R 16,9 million of which commercial properties will contribute R 8,8 million plus.

The Council approved the budget for the 2003/2004 financial year as well as the implementation of an IDP.

I would like to express my appreciation to the Executive Committee, the Municipal Manager and all other personnel for their support, co-operation and hard work during the past year.

Councillor P L Molelekeng
Chairperson of the Executive Committee

MOSES KOTANE LOCAL MUNICIPALITY

TREASURER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2004 are as follows:

INCOME	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual/Budget %
Opening surplus	4,031,918	14,896,916			
Operating income for the year	37,812,926	64,232,772	69.9 %	66,203,211	(3.0)%
Transfers from Appropriations				10,302,067	
	41,844,844	79,129,688		76,505,278	
EXPENDITURE					
Opening deficit					
Operating expenditure for the year	25,978,897	55,307,684	112.9 %	76,391,932	27.6%
Sundry transfers	1,120,000	0			
Closing surplus	14,745,947	23,822,004	61.5 %		
	41,844,844	79,129,688		76,391,932	

1.1. RATES, GENERAL AND HOUSING SERVICES

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual/Budget %
Income	37,812,926	64,232,772	69.9 %	66,203,211	-3.0%
Transfers from Appropriations				10,302,067	
Expenditure	25,978,897	55,307,684	112.9 %	76,391,932	27.6%
Surplus (deficit)	11,834,029	8,925,088	-24.6%	113,346	
Surplus (deficit) as % of total income	31.3%	13.9%		0.2%	

An amount of R 66,203,211 was budgeted for income whereas the amount received amounts to R 64,232,772 which represents a difference of R 1,970,439

The main reason for the difference is income for vending stations which did not realised as well as a lessor amount received as a grant from Bojanala Platinum District Council as expected.

An amount of R 76,391,932 was budgeted for expenditure whereas the actual expenditure amounts to R 55,307,684 which represents a difference of R 21,084,248.

The above difference is mainly due to IDP projects which did not relized and was transferred to the budget for the 2004/2005 financial year as well as capital charges on external loans which was taken at a late stage during the financial year.

MOSES KOTANE LOCAL MUNICIPALITY

TREASURER'S REPORT

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets incurred during the year amounted to R 54,352,016

The expenditure consisted of the following:

	Actual 2004 R	Budget 2004 R	Actual 2003 R
Office machinery and equipment	950,171	400,000	526,849
Buildings	15,302,335	11,750,000	21,825,575
Vehicles	3,029,431	450,000	1,564,080
Housing	1,463,619	40,862,519	0
Infrastructure	33,606,460	56,072,540	3,994,934
	<u>54,352,016</u>	<u>109,535,059</u>	<u>27,911,438</u>

Two brickmaking machines were bought for the housing projects.
Expenditure on the erecting of the Civic Centre was financed
by means of an external loans raised from INCA during the previous financial year.
The council approved the purchasing of additional vehicles for the Strategic Department.

A complete analysis of capital expenditure is included in Appendix C.

3. EXTERNAL LOANS, INVESTMENTS AND CASH.

The Council raised an external loan from DBSA which is to be repaid over a period of 20 years years at an interest rate of 11,44.

Investments and cash in the bank amounts to R 44,471,194 on 30 June 2004
(R 21,951,692 on 30 June 2003)

Investments to the value of 1,049,195 are invested for specific projects

The total in the cashbook reflects the amounts

	R
Councils General cashbook	6,780,577
Libraries	1,099,486
LED	-737
Housing	17,210,509

4. FUNDS, RESERVES AND PROVISIONS.

An amount of R 6,000,000 was provided for bad debts and R 130 000 for accumulated leave

5. APPRECIATION

I hereby wish to thank the Mayor, the Chairman and members of the Executive Committee, Councillors and the Municipal Manager for the support they have given me and my personnel during the year.

A special word of thanks go to all my personnel. Without them this work would have been impossible.

FINANCIAL MANAGER

MOSES KOTANE LOCAL MUNICIPALITY

ACCOUNTING POLICIES

1. Basis of presentation

- 1.1. These financial statements have been prepared to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as ammended).
- 1.2. The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 3. The accounting policies are consistent with those applied in previous years, except if otherwise indicated.
- 1.3. The financial statements are prepared on the accrual basis:
Income is accrued when measurable and available. Certain direct income is recorded when received, such as governmental grants.
Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assesment rates, refuse removal, sewerage, which are treated as income and expenditure in the respective departments.

3. Fixed assets

- 3.1. Fixed assets are stated at historical cost or at valuation (based on market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- 3.2. Depreciation: The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:
Appropriations from operating income, where the full cost of the asset forms an immediate and direct charge against operating income, and therefore it is unnecessary to make any further provision for depreciation.
Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.
- 3.3. All net proceeds from the sale of fixed property are credited to the Land Trust Fund. Net proceeds from the sale of other assets are credited to the Capital Development Fund or to Income.
- 3.4. Capital assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the service concerned at the ruling interest applicable at the time the advance is made.

MOSES KOTANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES

4. Inventory

Inventory (stores and materials) is valued at the lower of cost, determined on the weighted average basis and net realisable value.

5. Funds and reserves

Leave Reserve Fund

The leave reserve fund is maintained to make provision for the accumulated leave of the officials of the council

Capital Maintenance Reserve Fund

The capital maintenance reserve fund is used for maintenance of the assets of the council

6. Provisions

Provisions are created for liabilities or contingencies which are known at the date of the balance sheet, but for which the amounts involved cannot be determined with substantial accuracy. Provisions are made for audit and bad debts.

7. Retirement benefits

All employees are contributing to the retirement funds of the Provincial Government.

8. Surpluses and deficits

Any surpluses or deficits arising from the operation of services are transferred to Rate and General Services to alleviate the tax burden of rate payers.

MOSES KOTANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES

9. Treatment of administration and other overhead expenses

The cost of internal support services are transferred to the different services in accordance with the IMFO's Report on Accounting for Support Services.

10. Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in Circular 26 of 1991 issued by the Provincial Administration.

11. Income recognition

11.1. Electricity and water billings

These services are not currently provided by the council

Assessment Rates

Assessment rates are levied on the land as well as the improvement value of a property. Differenciated tariffs are applicable depending on the use of the property.

MOSES KOTANE LOCAL MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2004

		2004 R	2003 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES	Note	3,170,877	2,360,554
Trust Funds	1	2,768,020	2,087,697
Reserves	2	402,857	272,857
RETAINED SURPLUS/(ACCUMULATED DEFICIT)	15	24,551,884	14,896,916
		27,722,761	17,257,470
LONG TERM LIABILITIES	3	33,595,963	21,284,448
CONSUMER DEPOSITS - SERVICES	4	0	0
		61,318,724	38,541,918
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	29,850,202	11,577,200
INVESTMENTS	6	0	0
LONG TERM DEBTORS	7	0	0
		29,850,202	11,577,200
NET CURRENT ASSETS		31,468,522	26,964,718
CURRENT ASSETS		60,640,024	30,721,760
Inventory	8	118,582	115,451
Debtors	9	16,047,248	8,654,617
Long term debtors: Short term portion	7	0	0
Short term portion of investments	6	19,381,359	20,241,347
Cash	20	25,092,835	1,710,345
CURRENT LIABILITIES		-29,171,502	-3,757,042
Creditors	10	28,125,199	2,850,000
Loans: Short term portion	3	1,046,303	907,042
Bank Overdraft	20	0	0
		61,318,724	38,541,918

MOSES KOTANE LOCAL MUNICIPALITY INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004							
2003 Actual Income	2003 Actual Expenditure	2003 Surplus / (Deficit)		2004 Actual Income	2004 Actual Expenditure	2004 Surplus / (Deficit)	Budget Surplus / (Deficit)
R	R	R		R	R	R	R
37,812,926	25,978,897	11,834,029	RATE AND GENERAL SERVICE	64,232,772	55,307,684	8,925,088	113,346
37,007,457	20,966,244	16,041,213	Community services	58,749,289	42,960,232	15,789,057	13,641,630
24,002	1,104,961	-1,080,959	Subsidised services	23,267	1,802,086	-1,778,819	-2,204,699
781,467	3,907,692	-3,126,225	Economic services	5,460,216	10,545,366	-5,085,150	-11,323,585
0	0	0	HOUSING SERVICES	0	0	0	0
0	0	0	TRADING SERVICES	0	0	0	0
37,812,926	25,978,897	11,834,029	TOTAL	64,232,772	55,307,684	8,925,088	113,346
		-364,756	Appropriations for the year (refer to note 15)			729,880	
			Appropriations for the year (refer to note 15)				
		11,834,029	Net surplus / (deficit) for the year			8,925,088	
		4,661,538	Accumulated surplus / (deficit) at the beginning of the year			14,896,916	
		14,896,916	ACCUMULATED SURPLUS / (DEFICIT) AT THE END OF THE YEAR			24,551,884	

(Refer to appendices D and E for more detail)

MOSES KOTANE LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 R	2003 R
CASH RETAINED FROM OPERATING ACTIVITIES		58,460,103	14,190,643
Cash generated by operations	16.00	24,623,920	12,968,335
Investment income		1,667,023	948,053
(Increase) / decrease in working capital	17.00	18,018,700	-2,385,199
		44,309,643	11,531,189
Less: External interest paid		-3,229,392	-2,117,522
Cash available from operations		41,080,251	9,413,667
Net proceeds on disposal of fixed assets			
Cash contributions from the public and State		17,379,852	4,776,976
CASH UTILISED IN INVESTMENT ACTIVITIES			
Purchase of Assets		-47,342,074	-11,913,630
NET CASH FLOW		<u>11,118,029</u>	<u>2,277,013</u>
CASH EFFECTS ON FINANCING ACTIVITIES			
Increase / (decrease) in long term loans	18.00	11,404,473	14,884,636
(Increase) / decrease in cash investments	19.00	859,988	-15,428,841
(Increase) / decrease in cash	20.00	-23,382,490	-1,732,808
NET CASH (GENERATED) / UTILISED		<u>-11,118,029</u>	<u>-2,277,013</u>

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	2004 R	2003 R
1 STATUTORY FUNDS		
Transfer of Land	1,049,195	998,895
Sisal Project	568,625	0
Goat Feedlot Project	480,200	0
Free Basic Service	0	1,088,802
LED Projects	670,000	
Mabeskraal Library	0	
	<u>2,768,020</u>	<u>2,087,697</u>
(Refer to appendix A for more detail)		
2 RESERVES AND PROVISIONS		
Provision for Leave	393,174	263,174
Capital Maintenance Fund	9,683	9,683
	<u>402,857</u>	<u>272,857</u>
(Refer to appendix A for more detail)		
3 LONG TERM LIABILITIES		
Government loans	0	0
Annuity loans	34,642,266	22,191,490
Less: Current portion transferred to current liabilities		
Government loans		
Annuity loans	<u>-1,046,303</u>	<u>-907,042</u>
	<u>33,595,963</u>	<u>21,284,448</u>
<p>The loan from ABSA amounts to R 6 900 000 repayable at quarterly intervals at an interest rate of 13,4% over a period of 10 years with the last payment on 30 September 2011</p> <p>The loan from INCA amounts to R 15 300 000 repayable at half yearly intervals at an interest rate of 14% over a period of 15 years with the last payment on 31 December 2017</p> <p>Another loan from INCA amounts to R 605 000 repayable at half yearly intervals at an interest rate of 14,50% over a period of 5 years with the last payment on 31 December 2007</p> <p>A loan R 13,357,818 was raised from DBSA at half yearly intervals at an interest rate of 11,44 over a period of 20 years</p>		
(Refer to appendix B for more detail on long-term liabilities)		
4 CONSUMER DEPOSITS - SERVICES		
Electricity and water		
Other	<u>0</u>	<u>0</u>
5 FIXED ASSETS		
Fixed assets: beginning of the year	39,882,544	11,971,106
Capital expenditure during the year	47,342,074	27,911,438
Less: Assets written off, redeemed, transferred or disposed of during the year		
Total fixed assets	<u>87,224,618</u>	<u>39,882,544</u>
Less: Loans redeemed and other capital receipts	<u>-57,374,416</u>	<u>-28,305,344</u>
Net fixed assets	<u>29,850,202</u>	<u>11,577,200</u>
Capital expenditure amounting to R 47,342,074 is financed as follows:		
Grants	R 23,252,780	
External loans	R 19,180,044	
Income	R 4,909,250	

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004	2003 R
6 INVESTMENTS		
Other deposits	7,760	7,760
Short-term deposits	<u>19,373,599</u>	<u>20,233,587</u>
	<u>19,381,359</u>	<u>20,241,347</u>
Management's valuation of unlisted investments	<u>19,381,359</u>	<u>20,241,347</u>
Circular no 25 of 1995 issued by the Provincial Administration requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments.		
No investments were written off during the year.		
7 LONG-TERM DEBTORS		
Housing loans		
Erven loans		
Motor vehicle loans	<u>0</u>	<u>0</u>
Less: short term portion transferred to current assets.	<u>0</u>	<u>0</u>
8 INVENTORY		
Inventory represents consumable stores.	<u>118,582</u>	<u>115,451</u>
9 DEBTORS		
Current consumers debtors	18,455,665	10,849,584
Plus VAT Control	<u>828,349</u>	<u>546,319</u>
	<u>19,284,014</u>	<u>11,395,903</u>
Sundry Debtors Suspense	6,041,582	537,062
Less: Provision for bad debts	<u>-9,278,348</u>	<u>-3,278,348</u>
	<u>16,047,248</u>	<u>8,654,617</u>
10 CREDITORS		
Trade creditors	6,264,687	1,618,172
Auditor General	65,999	105,385
Amounts received in advance	86,664	84,619
VAT - Control		
Sundry Creditors Suspense	2,097,844	1,041,824
Housing	<u>19,610,005</u>	<u></u>
	<u>28,125,199</u>	<u>2,850,000</u>

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2004 (CONT)

11 ASSESSMENTS RATES

	2004	2003
	R	R
Residential	710,573	710,573
Commercial	3,248,572	2,137,851
Creches	56,136	56,136
Government	2,561,140	2,561,140
Sun City	8,800,000	8,000,000
Escom Servitutes	875,700	875,700
Mines	866,300	2,584,800
Totals	<u>17,118,421</u>	<u>16,926,200</u>

12 COUNCILLOR'S REMUNERATION

Mayor's allowance	160,070	152,422
Speaker	128,056	123,051
Executive Committee member's allowance	1,080,468	1,041,372
Councillor's allowance - Part-Time	1,768,578	2,041,908
Travelling allowance	784,288	697,946
Pension fund contribution	461,084	426,137
Medical aid contribution	344,623	319,111
Housing Allowance	375,320	344,332
Personal Facilities	167,338	
Telephone	326,500	
	<u>5,596,325</u>	<u>5,146,279</u>

13 AUDITOR'S REMUNERATION

Audit fees	<u>90,000</u>	<u>90,000</u>
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14 FINANCE TRANSACTIONS

Total external interest earned and paid		
Interest earned	1,667,023	948,053
Interest paid		
Capital charges charged to operating account		
Interest:		
External	3,229,392	2,117,522
Internal		
Redemption:		
External	907,042	512,623
Internal		

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004	2003
15 APPROPRIATIONS		
Appropriation account		
Accumulated surplus / (deficit): beginning of year	14,896,916	4,661,538
Operating surplus / (deficit) for the year	8,925,088	11,834,029
Appropriations for the year		
Contribution to Leave Reserve		-120,000
Provision for bad debts		-1,000,000
Prior year adjustments	729,880	-478,651
Accumulated surplus / (deficit): end of year	<u>24,551,884</u>	<u>14,896,916</u>
16 CASH GENERATED BY OPERATIONS		
Surplus / (deficit) for the year	8,925,088	11,834,029
Adjustments in respect of previous years' operating	729,880	-478,651
Appropriations charged against income:		
Provisions and reserves	6,130,000	1,049,200
Fixed assets	5,192,195	75,836
Capital charges		
Interest paid		
on external loans capitalized		
on external loans	3,229,392	2,117,522
Redemption		
of internal advances		
of external loans	907,042	512,623
Investment income (Interest received)	50,507	-149,362
Non operating expenditure	-3,165,601	-910,467
Non operating income	2,625,417	37,605
Credited to provisions and reserves		-1,120,000
	<u>24,623,920</u>	<u>12,968,335</u>
17 (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in stock	-3,131	31,119
(Increase) / decrease in debtors	-7,392,629	-5,443,705
Increase / (decrease) in creditors	25,275,199	2,519,647
Increase / (decrease) in creditors - Short Term	139,261	507,740
	<u>18,018,700</u>	<u>-2,385,199</u>
18 INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)		
Loans raised	13,357,818	15,905,000
Interest Capitalized		
Short Term Portion	-1,046,303	-507,740
Loans repaid	-907,042	-512,624
	<u>11,404,473</u>	<u>14,884,636</u>
19 (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments made		
Investments realised	859,988	-15,428,841
	<u>859,988</u>	<u>-15,428,841</u>

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004 R	2003 R
20 (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance: beginning of the year	1,710,345	-22,463
Cash balance: beginning of the year : Petty Cash		
Less balance at end of year		-1,710,345
Councils General Account	-6,783,577	
Libraries	-1,099,486	
LED	737	
Housing	-17,210,509	
	<u>-23,382,490</u>	<u>-1,732,808</u>

21 RETIREMENT BENEFITS

Personnel are members of the Provincial Pension Fund or Retirement Fund.

22 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

The council has handed debtors with large amounts outstanding over to the attorneys for recovering of these outstanding amounts.

23 CAPITAL COMMITMENTS FOR THE UPCOMING FINANCIAL YEAR

An amount of R 178,114,174 has been provided for capital expenditure on the budget for the 2004/2005 financial year

The amount of R 178,114,174 will be financed as follows:

External loans	R 46 310 684
Grants and subsidies	R 130 683 490
Income	R 1 120 000

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX A

STATUTORY FUNDS, RESERVES AND PROVISIONS

	Balance at 2003/06/30	Contributions during the year	Interest on investments	Other income	Expenditure during the year	Balance at 2004/06/30
	R	R	R	R	R	R
TRUST FUNDS						
Transfer of Land	998,895		50,300			1,049,195
Sisal Project	0			600,000	31,375	568,625
Free Basic Service	1,088,802				1,088,802	0
Goat Feedlot Project	0			1,425,417	945,217	480,200
LED Projects				670,000		670,000
Mabeskraal Library			207	1,100,000	1,100,207	0
	2,087,697	0	50,507	3,795,417	3,165,601	2,768,020
RESERVES						
Leave reserve	263,174	130,000				393,174
Capital Maintenance Fund	9,683					9,683
	272,857	130,000	0	0	0	402,857
Total	2,360,554	130,000	50,507	3,795,417	3,165,601	3,170,877

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance at 2003/06/30	Received during the year	Interest Capitalized	Redeemed or written off during the year	Balance 2004/06/30
EXTERNAL LOANS	R	R		R	R
Annuity loans	22,191,490	13,357,818		907,042	34,642,266
Government loans (housing)					
	22,191,490				34,642,266

(Refer to note 3)

	Balance at 2003/06/30	Received during the year	Redeemed or written off during the year	Balance 2004/06/30
INTERNAL ADVANCES	R	R	R	R
Capital development fund				

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2002 R	SERVICE	Budget 2003/04 R	Balance at 30/06/03 R	Expenditure 2003/04 R	Written off, transferred, redeemed or disposed of during year R	Balance at 30/06/04 R
7,387,133	RATE AND GENERAL SERVICES	86,002,519	39,158,926	43,466,483	-	82,625,409
7,387,133	COMMUNITY SERVICES	38,950,000	31,332,097	26,704,492	-	58,036,589
333,026	Council General Expenses	15,200,000	17,320,733	654,783	-	17,975,516
7,054,107	Public Works	23,750,000	13,603,509	25,478,201	-	39,081,710
	Municipal Manager	-	403,899	276,120	-	680,019
	Technical Services			295,388		295,388
	Town Treasurer	-	3,956	-	-	3,956
	SUBSIDISED SERVICES	1,250,000	7,826,829	16,761,991	-	24,588,820
	Library	-		1,099,486	-	1,099,486
	Municipal buildings	450,000	6,345,059	14,114,715	-	20,459,774
	Parks and recreation	800,000	1,481,770	1,547,790	-	3,029,560
	ECONOMIC SERVICES	45,802,519	-	-	-	-
	Refuse	-	-	-	-	-
	Housing	40,862,519	-	-	-	-
	Sewerage	4,940,000	-	-	-	-
	TRADING SERVICES	23,532,540	723,618	3,875,591	-	4,599,209
	Water service	-	-	-	-	-
		23,532,540	723,618	3,875,591	-	4,599,209
7,387,133	TOTAL FIXED ASSETS	109,535,059	39,882,544	47,342,074	-	87,224,618
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		28,305,344	29,069,072	-	57,374,416
412,466	Loans redeemed and advances repaid		925,089	907,042	-	1,832,131
487,133	Contributions from operating income		1,422,648	5,192,195	-	6,614,843
-56,996	Grants and subsidies		25,957,607	22,969,835	-	48,927,442
	Reserves				-	-
6,487,534	NET FIXED ASSETS		11,577,200	18,273,002	-	29,850,202

MOSES KOTANE LOCAL MUNICIPALITY APPENDIX D ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2004			
Actual 2003		Actual 2004	Budget
R		R	R
	INCOME		
21,346,015	Government and Provincial grants and Subsidies	43,991,125	46,674,400
16,466,911	Income from tariffs, service charges, etc.	20,241,647	19,528,811
37,812,926	Total Income	64,232,772	66,203,211
	Transfer from appropriations	0	10,302,067
37,812,926	Total	64,232,772	76,505,278
	EXPENDITURE		
11,749,089	Salaries, wages and allowances	14,749,885	17,094,032
	Purchase of electricity		
	Purchase of water		
7,571,960	General expenses	21,028,316	31,282,415
4,547,466	Repairs and maintenance	6,070,853	7,790,100
2,630,146	Capital charges	4,136,435	11,880,956
75,836	Contributions to fixed assets	5,192,195	5,000,000
1,049,200	Contribution to funds	6,130,000	7,861,138
	Transfers to/from NDR's		-2,516,709
27,623,697	Gross expenditure	57,307,684	78,391,932
-1,644,800	Less: Amounts charged out	-2,000,000	-2,000,000
25,978,897	Net expenditure	55,307,684	76,391,932

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX E DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 Actual income	2003 Actual Expenditure	2003 Surplus / (Deficit)		2004 Actual income	2004 Actual Expenditure	2004 Surplus / (Deficit)	Budget Surplus / (Deficit)
R	R	R		R	R	R	R
37,812,926	25,978,897	11,834,029	RATE AND GENERAL SERVICE	64,232,772	55,307,684	8,925,088	113,346
37,007,457	20,966,244	16,041,213	COMMUNITY SERVICES	58,749,289	42,960,232	15,789,057	13,641,630
	11,655,346	-11,655,346	Council's general expenses		24,109,114	-24,109,114	-22,981,862
955	3,094,707	-3,093,752	Municipal Manager	523	4,206,645	-4,206,122	-5,263,891
	4,526,836	-4,526,836	Roads and Stormwater		8,998,365	-8,998,365	-16,620,661
37,006,502	1,689,355	35,317,147	Town treasurer	58,748,766	5,646,108	53,102,658	58,508,044
24,002	1,104,961	-1,080,959	SUBSIDISED SERVICES	23,267	1,802,086	-1,778,819	-2,204,699
			Cemetery	6,050	307,374	-301,324	-317,232
6,890	147,455	-140,565	Municipal buildings	17,217	1,494,712	-1,477,495	-1,887,467
17,112	957,506	-940,394	Parks and recreation				
781,467	3,907,692	-3,126,225	ECONOMIC SERVICES	5,460,216	10,545,366	-5,085,150	-11,323,585
			Sewerage	278,232	3,500,135	-3,221,903	-3,446,385
277,821	2,239,798	-1,961,977	Cleansing	5,181,984	7,045,231	-1,863,247	-7,877,200
503,646	1,667,894	-1,164,248					
			TRADING SERVICES				
			Electricity service				
			Water service				
37,812,926	25,978,897	11,834,029	TOTAL	64,232,772	55,307,684	8,925,088	113,346
		-1,120,000	Appropriations for the year (Refer to note 16)				
		11,834,029	Net surplus / (deficit) for the year			8,925,088	
		4,661,538	Accumulated surplus / (deficit) at the beginning of the year			14,896,916	
		-478,651	Prior year adjustments			729,880	
		14,896,916	ACCUMULATED SURPLUS / (DEFICIT) AT THE END OF THE YEAR			24,551,884	

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION

		2004	2003
General statistics			
Population		239,000	250,600
Registered voters		116,000	97,960
Valuation date: 2 January 2002 with effect from 1 July 2002			
Total valuations	Land	407,351,300	407,351,300
	Improvements	1,808,731,200	1,808,731,200
	Improved	2,216,082,500	2,216,082,500
Assessment rates			
Calculated on land and improvements			
	Residential per rand	0.01 & 0.003	0.01 & 0.003
	Commercial	0.07 & 0.025	0.07 & 0.025
	Other properties and right in land	0.095 & 0.055	0.095 & 0.055
	Sun City	0.095 & 0.01575257	0.095 & 0.017569
	Government properties and Tertiary Institutions	0.095 & 0.055 - Less 20 %	0.095 & 0.055 - Less 20 %
Number of properties			
	Residential	3,242	3,242
	Commercial	88	88
	Churches	36	36
Service charges: (Per site)			
Refuse Removal			
	Residential Madikwe	12.50 plus VAT	12.50 plus VAT
	Commercial Madikwe	25.00 plus VAT	25.00 plus VAT
	Residential Mogwase	11.00 plus Vat	11.00 plus Vat
	Commercial Mogwase	25.00 plus VAT	25.00 plus VAT
Sewerage			
	Residential Madikwe	12.50 plus VAT	12.50 plus VAT
	Commercial Madikwe	25.00 plus VAT	25.00 plus VAT
	Residential Mogwase	3.00 plus VAT	3.00 plus VAT
	Commercial Mogwase	25.00 plus VAT	25.00 plus VAT
Number of employees		70	65
Number of councillors		60	60